

**Overview of State and Local Taxes and Fees on Telecommunication, Video, and Related Services
and the Federal Universal Service Fund**

Prepared for:
Utah Legislature
Revenue and Taxation Interim Committee

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I. Telecommunication Services

Name of Tax or Fee	Rate and Base	Revenue May be Used For:	Revenue Collected	Utah Code Citation
State Sales and Use Tax	4.7% of charges	General Fund	About \$71 million in 2008 calendar year **	§ 59-12-103
Combined - All Local Sales and Use Taxes	1.25% to 3.65% of charges	Local government purposes, highways, transit, etc.	About \$30 million in 2008 calendar *	Title 59, Chapter 12

Name of Tax or Fee	Rate and Base	Revenue May be Used For:	Revenue Collected	Utah Code Citation
Statewide Unified E-911 Emergency Service Charge	\$0.08 per access line	"The monies in this fund shall be used exclusively for the following statewide public safety as provided in this chapter: (a) enhancing public safety as provided wireless E-911 service available to public service answering points; and (c) providing reimbursement to providers for certain costs associated with Phase II wireless E-911 service." (§ 53-10-603 (2), Utah Code)	\$2,757,119 (FY 2009)	§ 69-2-5.6
Local Emergency Services Telephone Charge	\$0.61 per access line	"... establishing, installing, maintaining, and operating a 911 emergency telephone system or integrating a 911 system into an established public safety dispatch center, including contracting with the providers of local exchange service, radio communications service, and vendors of appropriate terminal equipment as necessary to implement the 911 emergency telephone service." (§ 69-2-5 (4)(b)(i), Utah Code)	\$26,154,736 (FY 2009)	§ 69-2-5
Utah Universal Service Support Fund	.45% of intra-state charges (may be lowered to .25% pending future action by the Public Service Commission)	Promote state-wide telephone service including support to high-cost service areas, under-served areas, and service quality improvement	\$6,418,000 (FY 2008)	§ 54-8b-15

Name of Tax or Fee	Rate and Base	Revenue May be Used For:	Revenue Collected	Utah Code Citation
Federal Universal Service Fund	For the current quarter, 12.9% of inter-state retail telecommunication services. This fee is imposed on a carrier by the Federal Communication Commission (FCC). The FCC permits (and it is industry practice) recouping the cost of this fee from customers.	The Universal Service Fund was established by Congress as part of the Telecommunications Act of 1996 to promote access to telecommunication services for all consumers including those in low income, rural, insular, and high cost areas and to increase access to telecommunications and advanced services in schools, libraries, and rural health care facilities.	\$54,675,000 (2007 Estimate by FCC)	Created by federal law
Telecommunication Relay Service Fund (Services for the deaf and hard-of-hearing)	\$0.10 per access line (Established by Public Service Commission)	" . . . dual party relay system using third party intervention to connect a certified deaf or severely hearing or speech impaired person with a normal hearing person by way of telecommunication devices designed for that purpose." (§ 54-8b-10, Utah Code)	\$1,261,129 (FY2009)	§ 54-8b-10

Name of Tax or Fee	Rate and Base	Revenue May be Used For:	Revenue Collected	Utah Code Citation
Municipal Telecommunications Tax	Up to 3.5% of telecommunications provider's gross receipts that are attributed to the municipality	General government purposes	\$42,861,930 (FY 2009)	§ 10-1-403
Utah Poison Control Center Surcharge	\$0.07 per access line	"Costs of establishing, installing, maintaining, and operating the University of Utah Poison Control Center; and expenses of the State Tax Commission to administer and enforce the collection of the emergency services telecommunications charges." (§ 69-2-5.5 (2)(c)(i), Utah Code)	\$2,430,737 (FY 2009)	§ 69-2-5.5

II. Video and Audio Services - Satellite

Name of Tax or Fee	Rate and Base	Revenue Used For:	Yield	Statutory Authority
State Multi-Channel Video or Audio Services Tax *	6.25% of amounts paid or charged for multi-channel	General Fund	\$24,883,645 (total from all services in FY 2009)	§ 59-26-101

III. Video and Audio Services - Cable

Name of Tax or Fee	Rate and Base	Revenue Used For:	Yield	Statutory Authority
State Multi-Channel Video or Audio Services Tax *	6.25% of amounts paid or charged for multi-channel	General Fund	\$24,883,645 (total from all services in FY 2009)	§ 59-26-101
Municipal right-of-way (franchise) charge	Up to 5%	General government purposes	\$8,253,140 (FY 2008)	No state statutory authority

* Note: § 59-26.104.5, Utah Code, provides that a multi-channel video or audio service provider may claim a nonrefundable tax credit against the tax the multi-channel video or audio service provider would otherwise be required to collect equal to 50% of the total amount of county or municipality franchise fees that the multi-channel video or audio service provider pays.

** Estimate based on \$1.5 billion in gross taxable sales for communications related services during calendar year 2008.